



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.lacounty.gov>

DAVID E. JANSSEN  
Chief Administrative Officer

October 4, 2006

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

To: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavy  
Supervisor Don Knabe

From: David E. Janssen  
Chief Administrative Officer

**QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY  
(THIRD QUARTER 2006)**

In response to the increased level of CRA activity in the County and this Office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the third quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this Office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran of this Office at (213) 974-1130.

DEJ:MKZ  
DS:RM:pg

Attachment

c: Auditor-Controller  
County Counsel

**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES**  
**Quarterly Report – Third Quarter 2006 – September 30, 2006**

**New CRA Projects - Routine Notifications/Reports Provided to Board**

CRA Projects	District	Type of Notification	Date
None			

**Board Letters/Actions During Quarter**

CRA Projects	District	Action	Date of Board Action
City of Los Angeles East Hollywood, Reseda, and Pacoima Projects	3 <sup>rd</sup>	Subordination Resolutions	August 8, 2006
San Fernando Civic Center Redevelopment Project	3 <sup>rd</sup>	Resolution to Eliminate the Time Limit for Incurring Debt	August 22, 2006

**Major Ongoing or Emergent CRA Issues**

**El Monte (First District)**

**Issue:** The City proposed changes in its Downtown Redevelopment Project in order to allow for the development of a major transit-oriented residential and retail project. The proposed changes included a ten-year extension of the Project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements.

**Status:** The City is developing a proposal that would not extend the project ten years, but use County deferral of its share, with repayment (including interest) in the out-years to fund the required infrastructure improvements in the Project Area.

**Pomona (First District)**

**Issue:** The Auditor-Controller needs to clarify a project cap on the receipt of tax increment for the Southwest Project.

**Status:** County staff met with the City and agreed to work with the City to ensure that a project

cap is in place as required by law, and that the Project will receive adequate tax increment in order to repay its bonds and fully fund its low- and moderate-income housing set aside requirements.

#### **Redondo Beach (Fourth District)**

**Issue:** The City is proposing to refinance the existing debt on the South Bay Center Project. This proposal would require an amendment to the County procedure whereby the County guarantees that the City will receive sufficient tax increment funds to meet its debt payments.

**Status:** Staff has been working with the City in order to develop an equitable amendment that works for both parties.

#### **Whittier (Fourth District)**

**Issue:** The City of Whittier adopted an Amendment to the Commercial Corridor Redevelopment Plan. The Amendment added approximately 218 acres in three sub-areas to the existing project area.

**Status:** This Office reviewed the Agency's Preliminary Report, and concluded it was generally consistent with the blight standards required by redevelopment law. However, staff continues to work with the City regarding the placement of the value of the Nelles School site in the base year of the project when it is transferred from public to private ownership.

#### **Litigation**

##### **Glendora (Fifth District)**

**Issue:** The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the Agency's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

**Status:** The County filed a lawsuit objecting to the Project on the grounds that the proposed new Project Area No. 5 does not meet the blight requirements; Project No. 3 lacks significant remaining blight to justify an increase in the project cap; the Agency has not made a finding of public benefit required to merge the projects; and the evidence presented by the Agency was outdated and misleading.

##### **Los Angeles - City Center (First and Second Districts)**

**Issue:** The Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which reached its

court-validated (Bernardi) project cap.

**Status:** The County filed a lawsuit objecting to the Project on the basis that it violated the Bernardi cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. On June 24, 2003, the trial judge issued a final decision invalidating the Project. On April 19, 2005, the 2nd District Court of Appeal ruled that the proposed City Center Project can proceed, but cannot include any of the former CBD areas, which comprise the majority of the Project. The parties are in the preliminary stage of resolving the remaining legal issues.

### **Los Angeles - Central Industrial (First and Second Districts)**

**Issue:** The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The Project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.

**Status:** Similar to City Center, the County filed a lawsuit objecting to the Project on the basis that it violated the Bernardi project cap on the CBD Project. On September 19, 2003, the Court issued a ruling invalidating the Project. The Court of Appeal similarly ruled that the proposed Central Industrial Project can proceed, but cannot include any of the former CBD areas.

### **Legislation**

#### **SB 1206 (Kehoe)**

**Issue:** This bill proposes to reform elements of redevelopment law by changing the definition of blight; increasing State oversight; and making procedural changes as to how projects can be challenged.

**Status:** Although the bill would likely strengthen State oversight and make it easier to challenge projects legally, County staff was initially concerned that the bill proposed changes in the definition of blight that added ambiguity. County staff worked with the author to remove the ambiguity, and the revised bill passed out of the Senate (in a 32 to 1 vote). However, amendments were made in the Assembly that caused the County to withdraw its support of the bill. The amended bill was enrolled and signed by the Governor.

### **Overall CRA Statistics**

Active CRA Projects      313  
Pending CRA Projects    13

RECEIVED

2006-10-24 10:31

RECEIVED